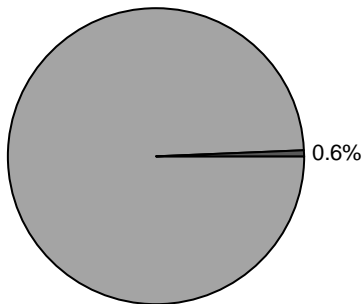


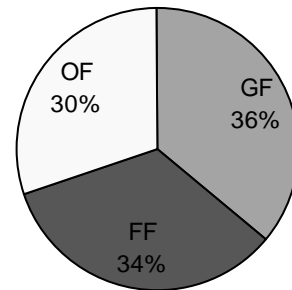
FY2007 Budget Briefing

Environment and Natural Resources

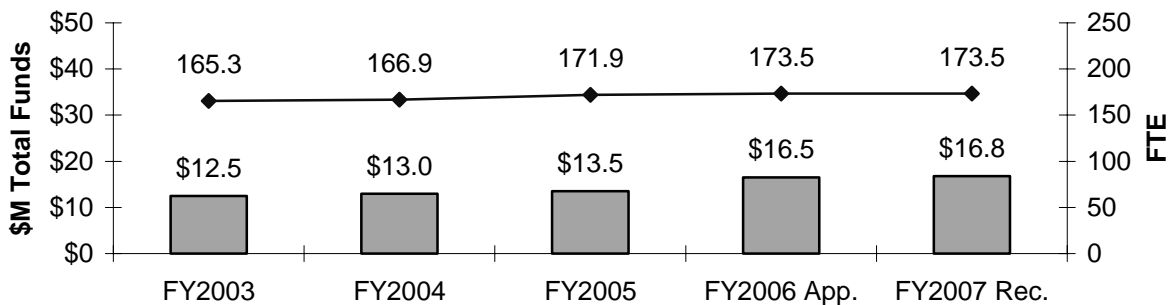
Agency's Share of Total Budgeted
State General Fund FY2007



Agency's Funding Source Split
FY2007 Recommended



Budget History



Key Responsibilities

- To protect public health and the environment by providing natural resources assessment, financial assistance, and regulation in a manner that promotes a good business climate and exceeds the expectations of our customers.

Key Personnel

- Department Secretary, Steve Pirner
- Finance Officer, Rob Green

Environment and Natural Resources

For FY2007, the Governor recommends an increase of \$353,972 from all funds and 0.0 FTE from FY2006. The FY2007 recommended budget consists of \$6,083,124 from the State General Fund, \$5,640,034 from federal funds, and \$5,081,633 from other funds, for a total budget of \$16,804,791 and 173.5 FTEs.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	9,604,404	9,863,380	9,863,380	10,217,352	353,972	3.6%
Travel	610,475	546,628	546,628	546,628	-	0.0%
Contractual Services	2,563,170	5,459,757	5,459,757	5,459,757	-	0.0%
Supplies and Materials	273,658	283,243	283,243	283,243	-	0.0%
Grants and Subsidies	231,748	108,000	108,000	108,000	-	0.0%
Capital Outlay	167,518	189,811	189,811	189,811	-	0.0%
Other	-	-	-	-	-	0.0%
TOTAL	13,450,973	16,450,819	16,450,819	16,804,791	353,972	2.2%

Funding Sources:

General Funds	5,680,027	5,913,217	5,913,217	6,083,124	169,907	2.9%
Federal Funds	5,636,301	5,520,135	5,520,135	5,640,034	119,899	2.2%
Other Funds	2,134,645	5,017,467	5,017,467	5,081,633	64,166	1.3%
TOTAL	13,450,973	16,450,819	16,450,819	16,804,791	353,972	2.2%
FTE	171.9	173.5	173.5	173.5	-	0.0%

The Governor's recommendation throughout this analysis also includes funding for Performance And Compensation Equity (PACE) movement of 2.5% for those employees who are paid under the job-worth of their pay range, a 3% across-the-board increase for all permanent employees, and an increase in the employer paid portion of the state health insurance plan.

	General Funds	Federal Funds	Other Funds	Total
2.5% PACE Movement	14,280	10,225	5,369	29,874
3% Across-the-Board	130,622	92,568	49,035	272,225
Health Insurance	25,005	17,106	9,762	51,873
Total	169,907	119,899	64,166	353,972

Major Expansions and Reductions

Budget Item	Agency Request			Governor's Recommendation		
	State General Fund	All Funds	FTE	State General Fund	All Funds	FTE
	-	-	0.0	-	-	0.0
	-	-	0.0	-	-	0.0
	-	-	0.0	-	-	0.0
Total	-	-	0.0	-	-	0.0

No expansion is either requested or recommended.

Financial and Technical Assistance

To evaluate the natural resources of the state and to provide technical and financial assistance in a customer service-oriented manner for the protection, restoration, and development of those resources.

The total recommended budget for Financial and Technical Assistance consists of \$2,173,434 from the State General Fund, \$1,716,454 from federal funds, and \$679,034 from other funds; for a total budget of \$4,568,922 and 58.0 FTEs.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	3,081,685	3,249,922	3,249,922	3,366,111	116,189	3.6%
Travel	206,485	173,876	173,876	173,876	-	0.0%
Contractual Services	606,019	838,502	838,502	838,502	-	0.0%
Supplies and Materials	137,808	137,052	137,052	137,052	-	0.0%
Grants and Subsidies	67,231	-	-	-	-	0.0%
Capital Outlay	71,222	53,381	53,381	53,381	-	0.0%
Other	-	-	-	-	-	0.0%
TOTAL	4,170,450	4,452,733	4,452,733	4,568,922	116,189	2.6%
Funding Sources:						
General Funds	2,045,543	2,113,145	2,113,145	2,173,434	60,289	2.9%
Federal Funds	1,632,044	1,677,678	1,677,678	1,716,454	38,776	2.3%
Other Funds	492,863	661,910	661,910	679,034	17,124	2.6%
TOTAL	4,170,450	4,452,733	4,452,733	4,568,922	116,189	2.6%
FTE	57.2	58.0	58.0	58.0	-	0.0%

Revenues

	<u>Actual</u> <u>FY2004</u>	<u>Actual</u> <u>FY2005</u>	<u>Estm.</u> <u>FY2006</u>	<u>Estm.</u> <u>FY2007</u>	<u>% Change from</u> <u>FY2004</u>
Sale of Publications/Maps	\$ 6,794	\$ 5,491	\$ 6,000	\$ 6,000	-11.7%
Total Identified					
Other Fund Revenues	\$ 6,794	\$ 5,491	\$ 6,000	\$ 6,000	-11.7%

Selected Performance Indicators

	ACTUAL FY 2004	ACTUAL FY 2005	ESTIMATED FY 2006	ESTIMATED FY 2007
Federal Fiscal Reports Prepared	49	52	50	50
Travel, Direct, Noncash, Receiving Vouchers, and Cash Receipts Processed	3,702	4,036	4,000	4,000
Requisitions/Travel Requests Processed	48/1,303	37/1,331	40/1,300	40/1,300
Contracts and Grants Monitored	409	419	415	415
Awards/Projects:				
Consolidated Program	\$6.3M/34	\$3.5M/24	\$3.5M/17	\$3.5M/17
Pollution Prevention (P2)	\$81K/2	\$64K/2	64K/2	\$60K/2
Small Community Planning Grants	\$88.1K/21	\$290K/64	\$200K/50	\$180K/40
Solid Waste Program	\$2.4M/19	\$1.78M/14	\$1.5M/12	\$1.5M/12
State Revolving Fund (SRF) Loans	\$14M/17	\$97M/30	\$41M/25	\$30M/25
State Water Resources Management Systems (SWRMS) Projects	\$8.3M/5	\$1.9M/4	\$3.7M/4	\$3.7M/4
Watershed/Nonpoint Source Implementation	\$3.3M/19	\$2.9M/12	\$4.2M/9	\$3.5M/10
Active Nonpoint Source Project				
Implementation Projects	28	38	35	35
Watershed Assessment	36	47	26	24
Active Pollution Prevention Projects	3	3	3	3
State Water Plan Projects	62	70	60	60
Construction Inspections Conducted	61	66	66	70
Construction Plans and Specs Reviewed	56	71	60	60
EPA State Revolving Funds (SRF) Loans Reviewed/Monitored	17/171	33/211	25/229	25/250
Test-Hole Footage	16,115	20,013	18,000	18,000
Test Holes Drilled	84	92	85	85
Wells Installed	7	11	10	10
X-ray Analyses Completed	42	41	45	45
Water Samples Collected for Chemical Analysis	262	256	277	277
Square Miles Mapped (Geologic)	115,856	6,202	42,200	42,000
Square Miles Mapped for Aquifer Studies	7,815	7,745	5,000	5,000
Projects and Publications Completed	10	13	10	10
Presentations Given To Public or Agencies	42	50	45	45
Number of Drilling Rigs Operated Concurrently	1	2	2	2

Environmental Services

To provide environmental services in a customer service-oriented manner to help municipalities, industries, and citizens comply with regulations that protect public health, conserve natural resources, preserve the environment, and promote economic development.

The total recommended budget for Environmental Services consists of \$3,909,690 from the State General Fund, \$3,923,580 from federal funds, and \$1,887,599 from other funds, for a total budget of \$9,720,869 and 115.5 FTEs.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	6,522,718	6,613,458	6,613,458	6,851,241	237,783	3.6%
Travel	403,990	372,752	372,752	372,752	-	0.0%
Contractual Services	1,896,877	2,106,255	2,106,255	2,106,255	-	0.0%
Supplies and Materials	135,850	146,191	146,191	146,191	-	0.0%
Grants and Subsidies	164,517	108,000	108,000	108,000	-	0.0%
Capital Outlay	96,297	136,430	136,430	136,430	-	0.0%
Other	-	-	-	-	-	0.0%
TOTAL	9,220,249	9,483,086	9,483,086	9,720,869	237,783	2.5%
Funding Sources:						
General Funds	3,634,485	3,800,072	3,800,072	3,909,690	109,618	2.9%
Federal Funds	4,004,257	3,842,457	3,842,457	3,923,580	81,123	2.1%
Other Funds	1,581,507	1,840,557	1,840,557	1,887,599	47,042	2.6%
TOTAL	9,220,249	9,483,086	9,483,086	9,720,869	237,783	2.5%
FTE	114.7	115.5	115.5	115.5	-	0.0%

Revenues

Other Fund Revenue Sources

	<u>Actual FY2004</u>	<u>Actual FY2005</u>	<u>Estm. FY2006</u>	<u>Estm. FY2007</u>	<u>% Change from FY2004</u>
Mining/Oil & Gas Permit Fees	\$42,250	\$46,450	\$46,000	\$46,000	8.9%
Licensing & Renewal of Asbestos Handlers	22,600	25,200	25,000	25,000	10.6%
Water and Wastewater Operator					
Certification Exams and Renewals	16,326	17,288	17,000	17,000	4.1%
Superfund Amended Reauthorization Act	81,400	84,363	85,000	85,000	4.4%
Title III Fees					
Air Quality Permit Fees	326,128	342,267	364,105	360,000	10.4%
Solid Waste Permit Fees	13,250	12,750	19,750	6,000	-54.7%
Surface Water Discharge Permit Fees	588,839	586,350	588,250	590,150	0.2%
Feedlot Fees	34,200	41,075	55,300	70,175	105.2%
Drinking Water System Fees	247,215	245,845	246,000	246,000	-0.5%
Oil and Conservation Tax	88,468	133,700	143,000	145,000	63.9%
Water Right Fees	41,780	56,825	55,000	55,000	31.6%
Well Drillers & Dump Installer License Fees	9,610	9,430	9,500	9,500	-1.1%
Total Identified					
Other Fund Revenues	\$1,512,066	\$1,601,543	\$1,653,905	\$1,654,825	9.4%

Selected Performance Indicators

	ACTUAL FY 2004	ACTUAL FY 2005	ESTIMATED FY 2006	ESTIMATED FY 2007
Regulated Public Drinking Water Systems	685	675	680	685
Hazardous Waste Generators	1,474	1,561	1,600	1,650
Permitted Solid Waste Disposal Sites	241	248	250	250
Permitted Air Emission Sources	565	568	570	575
Air Quality Monitoring Sites	14	15	15	15
Cumulative Tanks Removed/Sites through the Abandoned Storage Tank Removal Project	3,801/2,715	3,919/2,799	4,020/2,850	4,120/2,900
Active Above-Ground Storage Tanks Regis.	4,039	4,059	4,060	4,060
Active Underground Storage Tanks Regis.	3,022	2,962	2,960	2,960
Spills and Releases Reported	256	226	200	200
Wastewater Point Sources Permitted	360	360	365	370
Stream Sites Sampled for Ambient Water Quality Monitoring	137	137	137	137
Total Water Right Permits	6,427	6,517	6,607	6,680
Active Gold and Other Mine Permits	46	47	47	48
Active Sand and Gravel Mine Sites Licensed	1,987	1,923	1,950	1,950
Population Served by Public Water Systems	658,386	658,689	660,000	666,300
Number of Public Water Supply Systems				
Assistance with Source Water Assessment and Protection	25	24	24	24
Brownfields Cleanup Project Completed	2	3	3	3

Regulated Response Fund- Informational

To provide for the cleanup of regulated substances during emergencies or when necessary to protect public health, safety, welfare, or the environment of the state.

The total recommended budget for the Regulated Response Fund consists of \$1,750,000 from other funds and 0.0 FTE.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	-	-	-	-	-	0.0%
Travel	-	-	-	-	-	0.0%
Contractual Services	60,274	1,750,000	1,750,000	1,750,000	-	0.0%
Supplies and Materials	-	-	-	-	-	0.0%
Grants and Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
TOTAL	60,274	1,750,000	1,750,000	1,750,000	-	0.0%
Funding Sources:						
General Funds	-	-	-	-	-	0.0%
Federal Funds	-	-	-	-	-	0.0%
Other Funds	60,274	1,750,000	1,750,000	1,750,000	-	0.0%
TOTAL	60,274	1,750,000	1,750,000	1,750,000	-	0.0%
FTE	-	-	-	-	-	0.0%

Revenues

	<u>Actual</u> <u>FY2004</u>	<u>Actual</u> <u>FY2005</u>	<u>Estm.</u> <u>FY2006</u>	<u>Estm.</u> <u>FY2007</u>	<u>% Change from</u> <u>FY2004</u>
Penalties and Reimbursements	\$206,761	\$95,675	\$150,000	\$150,000	-27.5%
Investment Council Interest	74,132	54,764	55,000	55,000	-25.8%
Total Identified					
Other Fund Revenues	\$280,893	\$150,439	\$205,000	\$205,000	-27.0%

➤ Starting Cash Balance in Regulated Response Fund on 7/01/05- \$1,927,341

Selected Performance Indicators

	ACTUAL FY 2004	ACTUAL FY 2005	ESTIMATED FY 2006	ESTIMATED FY 2007
Hot Springs Refinery Cleanup	\$350	\$3,871	\$0	\$0
Huron, R&R Oil Cleanup	\$1,387	\$4,547	\$0	\$0
Presho Sewer System Cleanup	\$18,839	\$0	\$0	\$0
Lake Faulkton Cleanup	\$1,912	\$0	\$0	\$0
Northwestern Public Service Cleanup	\$2,919	\$0	\$0	\$0
New Underwood Gas Station Cleanup	\$0	\$2,090	\$0	\$0
Sioux Falls G&H Drum Site Cleanup	\$0	\$31,019	\$0	\$0
Woonsocket T&T Service Cleanup	\$0	\$7,184	\$0	\$0
Watertown Sewer Project Cleanup	\$0	\$3,961	\$0	\$0
Belle Fourche Shop Cleanup	\$0	\$7,520	\$0	\$0
Capacity to Match EPA Superfund Expenditures at Brohm and Respond to Other Cleanups	\$0	\$0	\$1,750,000	\$1,750,000

Livestock Cleanup Fund- Informational

To provide for the cleanup of discharges or spills from animal feeding operations during emergencies, or when necessary to protect public health, safety, welfare, or environment of the state.

The total recommended budget for the Livestock Cleanup Fund consists of \$765,000 from other funds and 0.0 FTE.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	-	-	-	-	-	0.0%
Travel	-	-	-	-	-	0.0%
Contractual Services	-	765,000	765,000	765,000	-	0.0%
Supplies and Materials	-	-	-	-	-	0.0%
Grants and Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
TOTAL	-	765,000	765,000	765,000	-	0.0%
Funding Sources:						
General Funds	-	-	-	-	-	0.0%
Federal Funds	-	-	-	-	-	0.0%
Other Funds	-	765,000	765,000	765,000	-	0.0%
TOTAL	-	765,000	765,000	765,000	-	0.0%
FTE	-	-	-	-	-	0.0%

Revenues

Other Fund Revenue Sources

	Actual FY2004	Actual FY2005	Estm. FY2006	Estm. FY2007	% Change from FY2004
Investment Council Interest	\$42,506	\$29,077	\$30,000	\$25,000	-41.2%
Penalties and Reimbursements	-	25,029	25,000	20,000	0.0%
Total Identified Other Fund Revenues	\$42,506	\$54,106	\$55,000	\$45,000	5.9%

➤ Starting Cash Balance in the Livestock Cleanup Fund on 7/01/05 - \$993,393.

Selected Performance Indicators

	ACTUAL FY 2004	ACTUAL FY 2005	ESTIMATED FY 2006	ESTIMATED FY 2007
Environmental Cleanups Funded	0	0	1	1
Capacity to Respond to Cleanups Needed	\$0	\$0	\$765,000	\$765,000

Other Departmental Issues

A. Interim Appropriation Actions

No interim appropriation actions were taken.

B. Letters of Intent – FY2006

The Special Committee requests that the Department of Environment and Natural Resources provide clean-up costs per year for the Regulated Response Fund and the Livestock Clean-up Fund as performance indicators when preparing future budgets.

C. Agency Specific Questions:

- 1.) Provide an update of the Tank Removal Program.
- 2.) Provide an update on the Brohm Superfund Site. How much money has the state expended so far and how much should the state expect to expend in the future?

D. Environment and Natural Resources

General Fund Reversions FY2001-FY2005

FY2001- \$0

FY2002- \$30,646

FY2003- \$103,140

FY2004- \$227,302

FY2005- \$119,515